GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1954
ANSWERED ON:24.08.2007
TAX EVASION BY TRANSFER PRICING
Khaire Shri Chandrakant Bhaurao

Will the Minister of FINANCE be pleased to state:

(a) whether certain companies/Banks have evaded Tax worth crores of Rupees by way of transfer pricing;

(b) if so, the complete details for the last three years;

(c) action taken against the companies/banks upto July, 2007

(d) whether any appeals have been lodged against such tax demands by such companies/banks; and

(e) if so, the details thereof and present status of each such case?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) and (b): Differences between Transfer Price and Arm`s Length Price in case of certain companies have been found as a result of Transfer Pricing audit carried out by the Income Tax Department. The adjustments made during the last three financial years are as under:

	2004-05	2005-06	2006-07
No. of cases	240	320	444
Adjusted amount (Rs. In crores)	130.19	2,260.24	3,455.82

(c) The Department has raised demand in respect of such cases and appropriate action under the law is taken for recovery of the outstanding demand.

(d) and (e) The orders of the Transfer Pricing Officers get merged with the assessment orders passed by the Assessing Officers. Appeals against these orders passed by the Assessing Officers. Appeals against these orders are filed by the assesses before different appellate authorities spread all over the country. No centralized information is maintained/available relating to appeals file against transfer pricing adjustments.